



M-48A Franchise Financial Summary

Overview

These guidelines have been designed to help you understand the information contained in the Franchise Income / (Expense) Statement. It is comprised of the following reports:

- 1) **Financial Summary** - This report provides a summary of key operating lines from the Income/Expense Detail and Balance Sheet Detail reports. Information is provided for the current month and year-to-date compared to last year for the same period.
- 2) **Income/(Expense) Detail** - This report provides a line-by-line detail account of all the income and expense lines found on the Financial Summary. It can be very useful to determine the earnings a Franchisee made. It can also be useful in analyzing what helped the store earn gross profit and what expenses cost the Franchisee net earnings. Income and expenses are shown by account (see Chart of Accounts for definitions.)
- 3) **Supplemental Schedule** - This report provides a detailed explanation of the calculations for determining Ending Inventory at Cost and the store's Cost of Sales for the current month.
- 4) **Income/(Expense) Detail Trend** - This report provides a rolling six month history of all lines on the Income/Expense Detail Report. This report shows only monthly information going back the six months. Since this report gives you the 6-month history, it can be used to determine if the current month's results are common, repeatable, or a one-time occurrence. It can also be used to find any patterns, such as declining sales or increasing maintenance expenses.
- 5) **Detailed Balance Sheet** - This report provides the balances at the end of the month, prior month and prior year for all Assets, Liabilities and Net Worth accounts. Assets, Liabilities and Net Worth are listed by account number and name. It can be useful in determining and analyzing the Franchisee's Assets, Liabilities and Net Worth.
- 6) **Monthly Draw Available Calculation** - This report provides the calculation of monthly, quarterly, and excess draw information. The Draw Available amount is also shown on the bottom of the Financial Summary Report. Information is provided for current month and previous three months. This report can be useful in determining the amount of monthly draw available this month.



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7) Gasoline Commission -

The Franchise Income/(Expense) Statement is available on 7hub. The report can be accessed from the Stores Information home page. Click the Store 7-Reports link under the Store Quick Tools container.

Store Quick Tools

- ▶ [Store 7-Reports](#)
- ▶ [Messaging](#)
- ▶ [CHD Create Case](#)
- ▶ [RIS Online Create Case](#)

The following examples of the various reports include line explanations of the entries.

7-Eleven makes no representations to the IRS classification of any item(s) contained in the chart of accounts. Each Franchisee should consult with his/her own attorney, accountant, or other appropriate advisor concerning any questions regarding the classification of any item for tax or other related purposes.



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Financial Summary Example

RODID: 48A 0012345 DEC-06JAN-07
 RUN DATE: 10-JAN-07: 2:23 AM
 REPORTID: CFO48A

7-ELEVEN FRANCHISE SYSTEM
 (CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY)

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12345A MIKE MONEYMAKER

FINANCIAL SUMMARY
 AS OF DEC-06

	MONTH ENDING DEC-05	MONTH ENDING DEC-06	YTD ENDING DEC-05	YTD ENDING DEC-06
INCOME/(EXPENSE) DATA:				
I TOTAL SALES	146,865.56	166,819.79	826,764.98	2,017,408.46
MERCHANDISE GROSS PROFIT	49,776.59	59,187.73	295,222.78	732,850.63
Merchandise GP Percent	0.35	0.36	0.36	0.37
COMMISSIONS/FEE'S GROSS PFT	3,123.55	3,122.58	15,884.68	37,933.37
J TOTAL GROSS PROFIT	52,900.14	62,310.31	311,107.46	770,784.00
Total Gross Profit Percent	0.36	0.37	0.38	0.38
7-ELEVEN CHARGE	(26,450.07)	(31,155.15)	(155,553.73)	(385,391.97)
7-Eleven Split Percent	-50.00%	-50.00%	-50.00%	-50.00%
GAS COMMISSION INCOME	1,820.64	1,523.57	12,178.91	24,143.00
ALL OTHER INCOME	-	11.92	37.50	113.44
K TOTAL GROSS INCOME	28,270.71	32,690.65	167,770.14	409,648.47
COMPENSATION & BENEFITS	(15,317.81)	(14,407.83)	(85,330.35)	(173,897.97)
MAINTENANCE	(1,329.57)	(1,472.06)	(6,880.34)	(14,778.31)
CASH & INVENTORY VARIATION	2,958.30	(142.44)	(2,054.75)	(39.12)
ADVERTISING	(793.50)	(934.65)	(4,534.85)	(11,561.75)
ALL OTHER SELLING EXPS	(3,726.97)	(4,816.84)	(13,553.84)	(28,616.95)
L TOTAL SELLING EXPENSES	(18,209.55)	(21,773.82)	(112,354.13)	(228,894.10)
M TOTAL GENERAL & ADMIN EXPENSES	(211.82)	(215.00)	(1,255.96)	(3,437.49)
N TOTAL INCOME / (EXPENSE)	9,849.34	10,701.83	54,160.05	177,316.88
O Percent to total sales	6.71%	6.42%	6.55%	8.79%
LOAN PAYABLE 7-ELEVEN & NET WORTH DATA:				
R LOAN PAYABLE - 7 ELEVEN			MONTH DEC-06	YTD DEC-06
S BEGINNING OF PERIOD NET WORTH			69,049.08	35,534.03
T TOTAL INCOME / (EXPENSE)			10,701.83	177,316.88
U PAID-IN CAPITAL			-	-
V ADDITIONAL DRAWS			(25,000.00)	(156,000.00)
W ALL OTHER MISCELLANEOUS DRAWS			-	(2,100.00)
X TOTAL NET WORTH			54,750.91	54,750.91
Y MINIMUM NET WORTH				(15,000.00)
Z AMOUNT OVER/(UNDER) MINIMUM NET WORTH				39,750.91
AA TOTAL NET WORTH				54,750.91
BB DRAW AVAILABLE				(9,456.14)
CC NET WORTH AFTER DRAW				45,294.77

Financial Summary

Letter Codes and Headings Explanation

Report Headings

A ROD ID Number



M-48A Franchise Financial Summary

- B** Run Date: Date report was generated
- C** Store Number and Franchisee Name: Store number and the name of individual(s) listed on the Agreement.
- D** Report Date: The time period from which this report information was generated.

Column Headings

- E** Current month for last year, stated in dollars.
- F** Current month this year, stated in dollars
- G** Year to date totals stated in dollars for last year.
- H** Year to date totals stated in dollars for this year.

Income/(Expense) Data

- I** **Total Sales** - This is the total of all merchandise and commission sales generated during the month.
- J** **Total Gross Profit** - This is the amount of gross profit the store earned. It is calculated by adding the merchandise gross profit and the commissions/fees gross profit. This section also includes the Merchandise Gross Profit percent and Total Gross Profit percent.

Merchandise GP Percent is calculated as follows:

$$\frac{\text{Merchandise Gross Profit}}{\text{Merchandise Sales}} \times 100$$

Merchandise Sales

Total Gross Profit Percent is calculated as follows:

$$\frac{\text{Total Gross Profit}}{\text{Total Sales}} \times 100$$

Total Sales

- K** **Total Gross Income** - The Franchisee's share of the total Gross Profit per the Franchise Agreement. It is calculated as follows:

Total Gross Profit

- 7-Eleven Charge

+ Gasoline Commission

+ Other Income

= Total Gross Income



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L Total Selling Expenses - This is the total of all Selling Expenses incurred during the month. The biggest three expense lines are:

- Compensation & Benefits (Payroll)
- Maintenance
- Cash & Inventory Variation

It is calculated as follows:

Compensation & Benefits

- Maintenance

- Cash & Inventory Variation

- Advertising

- All Other Selling Expenses

= Total Selling Expense

M Total General & Administrative Expenses - This is the total of all G&A Expenses incurred by the Franchise during the month.

N Total Income/Expense - Franchisee's Net Income from the operation of the store. It is calculated as follows:

Total Gross Income

- Total Selling Expenses

- Total G&A Expenses

= Total Income/Expense

O Percent to total sales - The percentage Total Income/Expense represents of the Total Sales. This is also known as the return on sales. It is calculated as follows:

Total Income/(Expense) X 100

Total Sales



M-48A Franchise Financial Summary

Headings

- P Current month information for this year.
- Q Year to Date information for this year.

Loan Payable 7-Eleven & Net Worth Data

- R **Loan payable-7-Eleven** - (non-California location) The unpaid balance of the Open Account on which the Franchisee pays interest. The current month interest charged in is based on last month's balance in account 280 (the current month's beginning balance).
- S **Beginning Period Net Worth** - The balance of the Franchisee's Net Worth or Equity at the beginning of the accounting period. The balance is shown in both current month and year to date amounts.
- T **Total Income/Expense** - This is the same as "Line N" on this report. It's the Franchisee's Net Income from the operation of the store.
- U **Paid in Capital** - This is the amount of initial equity deposit and any additional equity deposits made by the Franchisee.
- V **Additional Draw** - The additional draw is total of any funds received other than monthly/quarterly/excess draw.
- W **All Other Miscellaneous Draws** - A draw from Net Worth not previously classified in any other Draw situation.
- X **Total Net Worth** - The Total Net Worth at the end of the accounting period. This is the dollar amount of the Assets that the Franchisee owns.
- Y **Minimum Net Worth** - This is the minimum Net Worth requirement as established by the Franchise Agreement.
- Z **Amount Over/Under Minimum Net Worth** - The current status of the Net Worth as the Franchisee builds toward full vestment. It is calculated as follows:

Total Net Worth

- Minimum Net Worth

= Amount Over/Under Minimum Net Worth

- AA **Total Net Worth** - This is the same as "Line X" on this report. It is the dollar amount of the Assets that the Franchisee owns.
- BB **Draw Available** - The calculated amount of the Monthly/Quarterly draw available at this time.
- CC **Net Worth After Draw** - The Net Worth status if the draw available is taken. This would be the Beginning Net Worth for next month if the draw is taken.



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Income/Expense Detail Example: Page 1

RODID: 48A 0012345 DEC-06JAN-07
 RUN DATE: 10-JAN-07: 2:23 AM [A]
 REPORTID: CFO48A
 INCOME / (EXPENSE) DETAIL
 12345A MIKE MONEYMAKER [B]

7-ELEVEN FRANCHISE SYSTEM
 (CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY)

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		INCOME / (EXPENSE) DETAIL AS OF DEC-06 [C]					
		MONTH [D]		YEAR TO DATE [E]			
		[F] DEC-05	[G]	[H] DEC-06	[I]	[J] DEC-05	[K] [L] DEC-06
[N]	SALES:						
	Acct 410 MERCHANDISE SALES	143,742.01	97.90%	163,697.21	98.10%	810,880.30	98.10% 1,973,475.09
	Acct 422 MONEY ORDER COMM/FEE SALES	146.52	0.10%	143.55	0.10%	655.08	0.10% 1,648.35
	Acct 424 ATM COMM/FEE SALES	797.22	0.50%	1,013.46	0.60%	3,977.27	0.50% 11,531.43
	Acct 425 AIR & WATER COMM/FEE SALES	67.20	0.00%	93.40	0.10%	308.20	0.00% 712.30
	Acct 440 LOTTO COMM/FEE SALES	2,089.96	1.40%	1,765.48	1.10%	10,309.48	1.30% 23,845.28
[O]	Acct 445 STORED VALUE CARD COMM SALES	22.65	0.00%	106.69	0.10%	34.65	0.00% 136.01
	SALES	146,865.56	100.00%	166,819.79	100.00%	826,764.98	100.00% 2,017,408.46
[P]	MDSE COST OF SALES						
	Acct 530 MDSE COST OF SALES	(90,755.13)	-61.80%	(102,768.11)	-61.60%	(505,143.93)	-61.10% (1,225,898.98)
	Acct 550 MDSE DISCOUNTS	153.39	0.10%	180.57	0.10%	850.50	0.10% 2,035.55
	Acct 560 MDSE WRITE-OFFS	(1,916.43)	-1.30%	(1,321.94)	-1.20%	(11,946.86)	-1.40% (19,965.13)
	Acct 570 INVENTORY VARIATION	(1,447.25)	-1.00%	-	0.00%	582.77	0.10% (2,735.30)
[Q]	MDSE COST OF SALES	(93,965.42)	-64.00%	(104,509.48)	-62.60%	(515,657.52)	-62.40% (1,246,624.46)
[R]	GROSS PROFIT:						
	MERCHANDISE GROSS PROFIT	49,776.59	33.90%	59,187.73	35.50%	295,222.78	35.70% 732,850.63
	TOTAL COMMISSIONS/FEE'S GROSS PFT	3,123.55	2.10%	3,122.58	1.90%	15,884.68	1.90% 37,933.37
[S]	GROSS PROFIT	52,900.14	36.00%	62,310.31	37.40%	311,107.46	37.60% 770,784.00
[T]	Acct 580 7-ELEVEN CHARGE	(26,450.07)	-18.00%	(31,155.15)	-18.70%	(155,553.73)	-18.80% (385,391.97)
[U]	Acct 490 GAS COMMISSION INCOME	1,820.64	1.20%	1,523.57	0.90%	12,178.91	1.50% 24,143.00
[V]	Acct 472 VENDOR COST RECOVERY	-	0.00%	11.92	0.00%	-	0.00% 113.44
[W]	Acct 470 OTHER INCOME	-	0.00%	-	0.00%	37.50	0.00% -
[X]	GROSS INCOME	28,270.71	19.20%	32,690.65	19.60%	167,770.14	20.30% 409,648.47
[Y]	SELLING EXPENSES:						
	COMPENSATION & BENEFITS						
	Acct 610 PAYROLL	(12,841.91)	-8.70%	(12,566.13)	-7.50%	(71,889.48)	-8.70% (150,899.44)
	Acct 620 P/R TAXES - FICA/MEDICARE	(932.87)	-0.60%	(961.31)	-0.60%	(5,450.01)	-0.70% (11,593.36)
	Acct 621 P/R TAXES - UNEMPLOYMENT	(318.43)	-0.20%	(236.82)	-0.10%	(1,707.86)	-0.20% (3,040.17)
	Acct 820.00 WORKERS COMP-PREMIUMS	(1,224.60)	-0.80%	(643.57)	-0.40%	(6,283.00)	-0.80% (7,934.00)
	Acct 820.31 WORKERS COMP-AUDITS	-	0.00%	-	0.00%	-	0.00% (431.00)
	COMPENSATION & BENEFITS	(15,317.81)	-10.30%	(14,407.83)	-8.60%	(85,330.35)	-10.40% (173,897.97)
	MAINTENANCE						
	Acct 670 MAINTENANCE CONTRACT - OTHER	(75.23)	-0.10%	(75.23)	0.00%	(277.65)	0.00% (902.76)
	Acct 671 MAINT CONTR - REFRIGERATION	(191.00)	-0.10%	(195.00)	-0.10%	(1,026.50)	-0.10% (2,296.00)
	Acct 672 MAINT CONTR - SLURPEE	(217.50)	-0.10%	(217.50)	-0.10%	(1,370.25)	-0.20% (2,610.00)
	Acct 673 MAINT CONTR - FOUNTAIN	(83.25)	-0.10%	(83.25)	0.00%	(524.48)	-0.10% (999.00)
	Acct 674 MAINT CONTR - SECURITY	(14.00)	0.00%	(14.00)	0.00%	(84.00)	0.00% (168.00)
	Acct 675 MAINT CONTR - CASH REGISTER	(99.08)	-0.10%	(213.64)	-0.10%	(620.74)	-0.10% (1,450.24)
	Acct 676 MAINT CONTR - MICROWAVE/GRILL	(47.16)	0.00%	(47.16)	0.00%	(297.99)	0.00% (594.02)
	Acct 677 MAINT CONTR - COFFEE/CAPPUCCIN	(101.52)	-0.10%	(101.52)	-0.10%	(639.59)	-0.10% (1,218.24)
	Acct 680 MAINTENANCE NONCONTRACT	(200.00)	-0.10%	(8.12)	0.00%	(1,208.31)	-0.10% (1,551.07)
	Acct 690 BUILDING MAINTENANCE	(175.83)	-0.10%	(266.64)	-0.20%	(450.83)	-0.10% (1,388.98)
	Acct 700 OUTSIDE PREMISES MAINT	(125.00)	-0.10%	(250.00)	-0.10%	(380.00)	0.00% (1,600.00)
	MAINTENANCE	(1,329.57)	-0.90%	(1,472.06)	-0.70%	(6,880.34)	-0.80% (14,778.31)



M-48A Franchise Financial Summary

Income/Expense Detail Example: Page 2

RODID: 48A 0012345 DEC-06JAN-07 RUN DATE: 10-JAN-07: 2:23 AM REPORTID: CFO48A INCOME / (EXPENSE) DETAIL 12345A MIKE MONEYMAKER		7-ELEVEN FRANCHISE SYSTEM (CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY)				Page: 2 SLC CONSOLIDATED REPORTS		
		INCOME / (EXPENSE) DETAIL				AS OF DEC-06		
		MONTH				YEAR TO DATE		
		DEC-05	DEC-06			DEC-05	DEC-06	
Y	CASH & INVENTORY VARIATION							
	Acct 640.00 INVENTORY VARIATION	1,447.25	1.00%	-	0.00%	(582.77)	-0.10%	2,795.90 0.10%
	Acct 641 INV VAR - LOTTERY TICKETS	2,132.86	1.50%	-	0.00%	2,200.54	0.30%	94.00 0.00%
	Acct T20 CASH VARIATION	(621.81)	-0.40%	(142.44)	-0.10%	(3,703.52)	-0.40%	(2,334.02) -0.10%
	Acct T21 LOTTO LOTTERY RPTG VARIATION	-	0.00%	-	0.00%	31.00	0.00%	5.00 0.00%
	CASH & INVENTORY VARIATION	2,958.30	2.10%	(142.44)	-0.10%	(2,054.75)	-0.20%	(39.12) 0.00%
	ADVERTISING							
	Acct 800 ADVERTISING	-	0.00%	-	0.00%	(29.30)	0.00%	- 0.00%
Z	Acct 801 ADVERTISING FEE	(793.50)	-0.50%	(934.65)	-0.60%	(4,505.55)	-0.50%	(11,561.75) -0.60%
	ADVERTISING	(793.50)	-0.50%	(934.65)	-0.60%	(4,534.85)	-0.50%	(11,561.75) -0.60%
	ALL OTHER							
	Acct 630 BAGS	(140.73)	-0.10%	(250.95)	-0.20%	(1,045.45)	-0.10%	(2,950.11) -0.10%
	Acct 650 SUPPLIES	(760.37)	-0.50%	(503.59)	-0.30%	(3,952.13)	-0.50%	(7,726.95) -0.40%
	Acct 660 TELEPHONE	(24.12)	0.00%	(68.16)	0.00%	(1,183.30)	-0.10%	(725.38) 0.00%
	Acct T02 OCCUPANCY COST	-	0.00%	(862.00)	-0.50%	-	0.00%	(5,172.00) -0.30%
	Acct T10 TAXES AND LICENSES	(402.29)	-0.30%	(390.40)	-0.20%	(1,733.87)	-0.20%	(1,569.09) -0.10%
AA	Acct T40 JANITORIAL & LAUNDRY	(186.75)	-0.10%	(276.50)	-0.20%	(1,310.60)	-0.20%	(3,019.56) -0.10%
	Acct T41 RUBBISH	(65.40)	0.00%	(89.65)	-0.10%	(457.80)	-0.10%	(1,065.25) -0.10%
	Acct T62 SECURITY EXP - MONITORING	(9.50)	0.00%	(9.50)	0.00%	(60.00)	0.00%	(114.00) 0.00%
	Acct T80 MISCELLANEOUS EXPENSE	(2,137.50)	-1.50%	(2,366.09)	-1.40%	(3,786.77)	-0.50%	(4,165.52) -0.20%
	Acct 860 PRE-EMPLOYMENT EXPENSES	-	0.00%	-	0.00%	-	0.00%	(14.87) 0.00%
	Acct 880 CHECK CASHING EXPENSES	(0.31)	0.00%	-	0.00%	(0.48)	0.00%	- 0.00%
	Acct 890 CREDIT CARD EXPENSES	-	0.00%	-	0.00%	(16.84)	0.00%	(2,094.22) -0.10%
	ALL OTHER	(3,726.97)		(4,816.84)		(13,553.84)		(28,616.95)
BB	TOTAL SELLING EXPENSES	(18,209.55)	-12.40%	(21,773.82)	-13.10%	(112,354.13)	-13.60%	(228,894.10) -11.30%
	INCOME / (EXPENSE) BEFORE G & A	10,061.16	6.90%	10,916.83	6.50%	55,416.01	6.70%	180,754.37 9.00%
	GENERAL & ADMIN EXPENSES:							
	Acct 910 EMPLOYEE'S BONUS & AWARDS	-	0.00%	-	0.00%	-	0.00%	(300.00) 0.00%
	Acct 931 EQUIP RENTAL/DEPR - SECURITY	(130.00)	-0.10%	(135.00)	-0.10%	(780.00)	-0.10%	(1,600.00) -0.10%
	Acct 960 PROFESSIONAL SERVICES	(80.00)	-0.10%	(80.00)	0.00%	(330.00)	0.00%	(960.00) 0.00%
	Acct 970 MEMBERSHIPS, DUES & DONATIONS	-	0.00%	-	0.00%	-	0.00%	(90.00) 0.00%
	Acct 980 FINES & PENALTIES	-	0.00%	-	0.00%	-	0.00%	(100.00) 0.00%
CC	Acct 990 MISCELLANEOUS G&A EXPENSES	-	0.00%	-	0.00%	-	0.00%	(189.57) 0.00%
	Acct 991 INTEREST EXPENSE	(1.82)	0.00%	-	0.00%	(145.96)	0.00%	(197.92) 0.00%
	TOTAL GENERAL & ADMIN EXPENSES	(211.82)	-0.10%	(215.00)	-0.10%	(1,255.96)	-0.20%	(3,437.43) -0.20%
	TOTAL INCOME / (EXPENSE)	9,849.34	6.70%	10,701.83	6.40%	54,160.05	6.60%	177,316.88 8.80%

Income/(Expense) Detail

Letter Codes and Headings Explanation

Report Headings

A Run Date: Date report was generated.



M-48A Franchise Financial Summary

B Store Number and Franchisee Name: Store number and the name of individual(s) listed on the Agreement.

C Date: The time period from which this report information was generated.

Column Headings

D Month columns

E Year-to-Date columns.

F Current month for last year, stated in dollars.

G Current month for last year, stated as a percent to total sales.

H Current month this year, stated in dollars.

I Current month this year, stated as a percent to total sales.

J Year to date totals stated in dollars for last year.

K Year to date totals stated as a percent to total sales for last year.

L Year to date totals stated in dollars for this year.

M Year to date totals stated as a percent to total sales for this year.

Detail Data

N Sales Section - This section lists merchandise and commission/fees sales by account number and name. Sales accounts include items such as:

- Merchandise Sales from the cash summary
- Money Order Commission Fee Sales
- Payphone Commission Fees
- ATM Commission Fees
- Air & Water Commission Fees from customer use of outside equipment.
(Gasoline stores only)
- Lotto/Lottery Commission Fees generated from the sale and cashing of winning tickets
- Stored Value Card Commission Sales

O Total Sales - The total of all merchandise and commission sales generated during the month. It is calculated by adding the Sales line items.

P Mdse Cost of Sales Section- This section lists the cost of sales line items by account number and name. Merchandise Cost of Sales accounts include entries such as:

- Merchandise Purchases at cost, plus or minus the difference between beginning and ending inventory at cost.
- Merchandise Discounts received from Off-Invoice Discounts during the month. This amount is stated on the last Merchandise Report of the month.



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- Merchandise Write-Offs at cost.
- Inventory Variation at cost.

Q Mdse Cost of Sales - The calculation of the store's total cost of sales. It is calculated as follows:

Merchandise Cost of Sales

- Merchandise Discounts

+ Merchandise Write-Offs

+/- Inventory Variation (plus for overage, minus for shortage)

= Net Merchandise Cost of Sales

R Gross Profit Section - This section lists Gross Profit information for merchandise and all commission sales. The calculations in this section are stated in both dollars and percent to total sales. Entries include:

- Merchandise Gross Profit generated from the sale of merchandise in the store.
- Commission Gross Profit generated from commission sales of items such as lotto/lottery, ATM fees etc.

S Gross Profit - The total gross profit generated from merchandise and commission sales in both dollars and as a percent to sales.

T 7-Eleven Charge - The amount paid to 7-Eleven per the Franchise agreement for store and equipment rent, insurance, taxes on building and equipment, utilities, bookkeeping, business counsel and advice.

U Gas Commission Income - The Franchisee commission income generated from the sale of gasoline. See the Gasoline Commission Report for a detailed breakdown of how the commission is calculated.

V Vendor Cost Recovery - Vendor costs recovered from allowance audits. For example, if a Franchisee purchases a non-recommended item from a "family" of products that do have an allowance, the Franchisee may not get the allowance through the bill back system. When the allowances and bills are reviewed by the auditor, any available credit due the Franchisee is process to this account.

W Other Income - Other income earned by the Franchisee not stated in account entries above.

X Total Gross Income - Franchisee's share of the total Gross Profit per the Franchise Agreement. Calculated as follows:

Total Gross Profit

- 7-Eleven Charge

+ Gasoline Commission

+/- Vendor Cost Recovery



M-48A Franchise Financial Summary

+ Other Income

= Total Gross Income

Y Selling Expenses - These are the Franchisee operating expenses. Expense detail displays all accounts by name and account number. All entries are stated in dollars and percent to total sales for current month and year to date for this year and last year. Line items are grouped as:

- Compensation and Benefits
- Maintenance
- Cash and Inventory Variation
- Advertising
- All Other

Z Total Selling Expenses - The total sum of all the Selling Expenses incurred during the month.

AA Income/Expense Before G&A - Franchisee income stated before subtracting General & Administrative Expenses. It is calculated as follows:

Total gross Income

- Selling Expenses

= Income/Expense Before G&A

BB General & Administrative Expenses - Other expenses incurred by a Franchisee for the purpose of operating the business. G&A Expenses include:

- Interest Expense paid on the unpaid balance of the Open Account.
- Equipment Rental/Depreciation for Franchisee approved and supplied equipment.
- Travel & Entertainment expenses for business related travel.
- Professional Services for accountant, attorney and other professional services.
- Membership Dues and Donations to approved professional business related organizations.

CC Total General & Administrative Expenses - Total of all G&A Expenses incurred during the month.

DD Total Income/Expense - Franchisee's Net Income from the operation of the store. Figures are stated in both dollars and as a percent to total sales. It is calculated as follows:

Total Gross Income



M-48A Franchise Financial Summary

- Total Selling Expenses

- Total G&A Expenses

= Total Income

Supplemental Schedule Example

RODID: 48A 12345A | DEC-06JAN-07 7-ELEVEN FRANCHISE SYSTEM Page: 1
 RUN DATE: 10-JAN-07: 2:23 AM (CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY) SLC CONSOLIDATED REPORTS
 REPORTID: CFO48A

12345A MIKE MONEYMAKER SUPPLEMENTAL SCHEDULE
 AS OF DEC-06

DEC-06

ENDING INVENTORY AT RETAIL CALCULATION :

E	ENDING MERCHANDISE INVENTORY AT RETAIL	74,866.64
F	ADJUSTED ENDING MERCH INV AT RETAIL	74,866.64
G	RETAIL TO COST VIP	62.2
H	ADJUSTED ENDING MERCH INVENTORY AT COST	46,567.05
I	SPECIAL ITEMS AT COST	1,693.54
J	TOTAL ENDING MERCH INVENTORY AT COST	48,260.59

MERCHANDISE COST OF SALES CALCULATION :

K	BEGINNING MERCHANDISE INVENTORY AT COST	43,565.53
L	PURCHASES AT COST	107,463.17
M	MDSE WRITE-OFFS	1,921.94
N	ALLOWANCES AT COST	-180.57
O	TOTAL MERCH INV AVAILABLE FOR SALE	152,770.07
P	AUDIT ADJUSTMENTS AT COST	0
Q	ENDING MERCHANDISE INVENTORY AT COST	-48,260.59
R	MERCHANDISE COST OF SALES	104,509.48

S ADVERTISING FEE CALCULATION :

Base Period GP Levels	Applicable Formula for Advertising Fee Percent
More than \$400,000.00	fixed percent of 1.5%
\$300,000.00 - \$400,000.00	computed percent of ((Base Period GP X 4.5%) - \$12,000) / Base Period GP
Less than \$300,000.00	fixed percent of 0.5%

BASE PERIOD GROSS PROFIT	761,371.46
APPLICABLE ADVERTISING FEE PERCENTAGE	1.5 %
CURRENT MONTH TOTAL GROSS PROFIT	62,310.31
x ADVERTISING FEE PERCENTAGE	1.5 %
COMPUTED ADVERTISING FEE (EXPENSE)	(934.65)



M-48A Franchise Financial Summary

Supplemental Schedule

Letter Codes and Headings Explanation

Report Headings

- A** Run Date: Date report was generated.
- B** Store Number and Franchisee Name: Store number and the name of individual(s) listed on the Agreement.
- C** Date: The time period from which this report information was generated.

Column Headings

- D** Month columns

Ending Inventory at Retail Calculation

- E** **Ending Merchandise Inventory at Retail** - This is the Balance on Hand amount from the last Merchandise Report of the month.
- F** **Adjusted Ending Merchandise Inventory at Retail** - Ending Inventory at retail minus Special Items at retail.
- G** **Retail to Cost VIP** - The Franchisee's Variable Inventory Percentage (VIP) is the percentage used to adjust retail to cost. VIP is computed by dividing the previous 12 months' purchases at cost by the previous 12 months' purchases at retail. Special item purchases, consigned merchandise, write offs, and product markdowns will be excluded from purchases at cost as well as purchases at retail for the purpose of this calculation.
- H** **Adjusted Ending Merchandise Inventory at Cost** - The Adjusted Ending Merchandise Inventory at Retail, multiplied by the Variable Inventory Percentage (V.I.P.). This calculation determines the cost value of the store merchandise inventory.
- I** **Special Items at Cost** - Cost value of Special Items sold during the month.
- J** **Total Ending Merchandise Inventory at Cost** - This is calculated as follows:

Adjusted Ending Merchandise Inventory at Retail

X Retail to Cost VIP

= Adjusted Ending Merchandise Inventory at Cost

+ Special Items at Cost

= Total Ending Merchandise Inventory at Cost

Merchandise Cost of Sales Calculation

- K** **Beginning Merchandise Inventory at Cost** - Total Ending Merchandise Inventory at Cost from the prior month.
- L** **Purchases at Cost** - The month to date amount of purchases from the last Merchandise report of the month.
- M** **Merchandise Write-Offs** - The amount of merchandise write-offs at cost. The write-off amount is a reclassification of the cost of write-offs between cost of goods (account 530) and write-offs (account 560).
- N** **Allowances at Cost** - The month to date amount of Off Invoice Discounts from the last Merchandise Report of the month.
- O** **Total Merchandise Inventory Available for Sale** - The total amount of inventory available for sale for the month. It is calculated as follows:



M-48A Franchise Financial Summary

Beginning Merchandise Inventory at Cost

+ Purchases at cost

+ Mdse Write-Offs

- Allowances at cost

= Total Merch Inv Available for Sale

P Audit Adjustments at Cost - The month to date Retail Audit amount from the last Merchandise Report of the month multiplied by VIP to determine cost.

Q Ending Merchandise Inventory at Cost - This is the amount calculated on Line J

R Merchandise Cost of Sales - Total cost of merchandise sales. It is calculated as follows:

Total Merch Inv Available for Sale

+/- Audit Adjustments @ Cost

- Ending Merchandise Inventory @ Cost

= Merchandise Cost of Sales

Advertising Fee Calculation

S The Formula for determining the Advertising Fee Percentage is a calculation based on the store's actual Gross Profit Dollars over a rolling twelve month period. The current month Gross Profit Dollars are then multiplied by the applicable Advertising Fee Percentage to determine the current month's Advertising Fee charged. Note: Stores that have not been open for 12 months use the market average until the store has 12 months of data.

The monthly fee is calculated as follows:

Current Month Total Gross Profit

X Advertising Fee Percentage

= Computed Advertising Fee (Expense)



M-48A Franchise Financial Summary

Income/Expense Detail Trend Example: Page 1

RODID: 48A 0012345 DEC-06JAN-07
 RUN DATE: 10-JAN-07: 2:23 AM [A]
 REPORTID: CF048A

7-ELEVEN FRANCHISE SYSTEM
 (CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY)

PAGE: 1
 SLC CONSOLIDATED REPORTS

12345A MIKE MONEYMAKER [B]

INCOME / (EXPENSE) DETAIL TREND AS OF DEC-06 [C]

		[D] JUL-06	AUG-06	SEP-06	OCT-06	NOV-06	DEC-06
E	SALES:						
	Acct 00410 MERCHANDISE SALES	193,900.76	194,693.79	179,248.77	177,035.32	165,846.69	163,697.21
	Acct 00422 MONEY ORDER COMM/FEEES	124.74	114.84	189.09	166.32	148.50	143.55
	Acct 00424 ATM COMM/FEEES	1,006.79	1,040.15	1,088.44	1,055.50	1,118.01	1,013.46
	Acct 00425 AIR & WATER COMM/FEEES	128.40	0.90	0.10	10.80	41.80	93.40
	Acct 00440 LOTTO/LOTTERY COMM/FEEES	1,763.44	1,856.84	1,841.20	1,827.94	1,587.78	1,765.48
	Acct 00445 STORED VALUE CARD COMM SALE	10.23	7.96	8.56	3.02	9.76	106.69
F	TOTAL SALES	196,934.36	197,714.48	182,376.16	180,104.90	168,752.54	166,819.79
G	MDSE COST OF SALES:						
	Acct 00530 MERCHANDISE COST OF SALES	(121,216.58)	(117,975.38)	(110,871.58)	(107,803.68)	(104,538.62)	(102,768.11)
	Acct 00550 MERCHANDISE DISCOUNTS	204.61	126.71	224.63	103.62	134.14	180.57
	Acct 00560 MERCHANDISE WRITE OFFS-	(1,565.60)	(1,820.90)	(1,085.87)	(1,815.24)	(2,287.80)	(1,921.94)
	Acct 00570 INVENTORY VARIATION	-	(2,672.37)	-	(822.75)	1,630.57	-
H	NET MDSE COST OF SALES	(122,577.57)	(122,342.54)	(112,532.76)	(110,338.05)	(105,001.71)	(104,509.48)
I	GROSS PROFIT:						
	Merchandise Gross Profit	71,323.19	72,351.25	66,716.01	66,697.27	60,844.98	59,187.73
	Merchandise GP Percent	36.78%	37.16%	37.22%	37.67%	36.69%	36.16%
	TOTAL COMMISSION/SERVICE GROSS PFT	3,033.60	3,020.69	3,127.39	3,069.58	2,905.85	3,122.58
J	TOTAL GROSS PROFIT	74,356.79	75,371.94	69,843.40	69,766.85	63,750.83	62,310.31
	Total Gross Profit Percent	37.76%	38.12%	38.30%	38.74%	37.78%	37.35%
K	Acct 00580 7-ELEVEN CHARGE	(37,178.39)	(37,685.97)	(34,321.70)	(34,883.42)	(31,875.41)	(31,155.15)
L	Acct 00490 GASOLINE COMMISSION INCOME	2,285.60	2,549.45	2,652.48	1,983.90	1,968.95	1,523.57
M	Acct 00472 VENDOR COST RECOVERY	-	63.10	9.00	6.98	22.44	11.92
N	GROSS INCOME	39,464.00	40,298.52	37,583.18	36,874.31	33,866.81	32,690.65
O	SELLING EXPENSES:						
	COMPENSATION & BENEFITS						
	Acct 610 PAYROLL	(13,026.94)	(12,420.03)	(11,819.70)	(12,902.04)	(12,577.92)	(12,566.13)
	Acct 620 P/R TAXES - FICA/MEDICARE	(996.59)	(950.15)	(904.22)	(986.98)	(962.24)	(961.31)
	Acct 621 P/R TAXES - UNEMPLOYMENT	(201.52)	(134.00)	(102.42)	(166.84)	(148.44)	(236.82)
	Acct 820.00 WORKERS COMP-PREMIUMS	(640.43)	(640.43)	(667.43)	(640.43)	(640.43)	(643.57)
	Acct 820.31 WORKERS COMP-AUDITS	-	-	-	-	-	-
	COMPENSATION & BENEFITS	(14,865.54)	(14,144.67)	(13,493.83)	(14,696.35)	(14,329.09)	(14,407.83)
	MAINTENANCE						
	Acct 670 MAINTENANCE CONTRACT - OTHER	(75.23)	(75.23)	(75.23)	(75.23)	(75.23)	(75.23)
	Acct 671 MAINT CONTR - REFRIGERATION	(191.00)	(191.00)	(191.00)	(191.00)	(191.00)	(191.00)
	Acct 672 MAINT CONTR - SLURPEE	(217.50)	(217.50)	(217.50)	(217.50)	(217.50)	(217.50)
	Acct 673 MAINT CONTR - FOUNTAIN	(83.25)	(83.25)	(83.25)	(83.25)	(83.25)	(83.25)
	Acct 674 MAINT CONTR - SECURITY	(14.00)	(14.00)	(14.00)	(14.00)	(14.00)	(14.00)
	Acct 675 MAINT CONTR - CASH REGISTER	(117.42)	(117.42)	(117.42)	(117.42)	(117.42)	(213.64)
	Acct 676 MAINT CONTR - MICROWAVE/GRILL	(47.16)	(47.16)	(47.16)	(47.16)	(47.16)	(47.16)
	Acct 677 MAINT CONTR - COFFEE/CAPPUCCIN	(101.52)	(101.52)	(101.52)	(101.52)	(101.52)	(101.52)
	Acct 680 MAINTENANCE NONCONTRACT	(8.12)	(174.88)	(192.01)	(8.11)	(8.12)	(8.12)
	Acct 630 BUILDING MAINTENANCE	(257.03)	-	-	-	-	(266.64)
	Acct 700 OUTSIDE PREMISES MAINT	(125.00)	(250.00)	-	(100.00)	(125.00)	(250.00)
	MAINTENANCE	(1,237.23)	(1,271.96)	(1,039.09)	(355.19)	(380.20)	(1,472.06)



M-48A Franchise Financial Summary

Income/Expense Detail Trend Example: Page 2

R00ID: 48A0012345 DEC-06 JAN-07

T-ELEVEN FRANCHISE SYSTEM

Page: 2

RUN DATE: 10-JAN-07: 2:23 AM

(CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY)

SLO CONSOLIDATED REPORTS

REPORT ID: CFO48A

INCOME / (EXPENSE) DETAIL

INCOME / (EXPENSE) DETAIL TREND

12345A MIKE MONEYMAKER

AS OF DEC-06

AS OF DEC-06

JUL-06

AUG-06

SEP-06

OCT-06

NOV-06

DEC-06

CASH & INVENTORY VARIATION

Acct 640.00 INVENTORY VARIATION

Acct 641 INV VAR - LOTTERY TICKETS

Acct 720 CASH VARIATION

Acct 721 LOTTO LOTTERY RPTG VARIATION

CASH & INVENTORY VARIATION

ADVERTISING

Acct 800 ADVERTISING

Acct 801 ADVERTISING FEE

ADVERTISING

ALL OTHER

Acct 630 BAGS

Acct 650 SUPPLIES

Acct 660 TELEPHONE

Acct 702 OCCUPANCY COST

Acct 710 TAPES AND LICENSES

Acct 740 JANITORIAL & LAUNDRY

Acct 741 RUBBISH

Acct 762 SECURITY EXP - MONITORING

Acct 780 MISCELLANEOUS EXPENSE

Acct 860 PRE-EMPLOYMENT EXPENSES

Acct 880 CHECK CASHING EXPENSES

Acct 890 CREDIT CARD EXPENSES

ALL OTHER

TOTAL SELLING EXPENSES

Percent to total sales

INCOME / (EXPENSE) BEFORE G & A

GENERAL & ADMIN EXPENSES:

Acct 00910 EMPLOYEE'S BONUS & AWARDS

Acct 00931 EQUIP RENTAL/DEPR - SECURIT

Acct 00960 PROFESSIONAL SERVICES

Acct 00970 MEMBERSHIP, DUES & DONATION

Acct 00980 FINES & PENALTIES

Acct 00990 MISCELLANEOUS G&A EXPENSES

Acct 00991 INTEREST EXPENSE

TOTAL GENERAL & ADMIN EXP

TOTAL INCOME / (EXPENSE)

Percent to total sales

Income/(Expense) Detail Trend

Letter Codes and Headings Explanation

Report Headings

A Run Date: Date report was generated.

B Store Number and Franchisee Name: Store number and the name of individual(s) listed on the Agreement.

C Date: The time period from which this report information was generated.



M-48A Franchise Financial Summary

Column Headings

D Month Columns represent the business activity over a rolling six month history for all line entries found on the Income/Expense Detail Report.

Detail Data

E Sales Section - This section lists merchandise and commission/fees sales by account number and name. Sales accounts include items such as:

- Merchandise Sales from the cash summary
- Money Order Commission Fee Sales
- Payphone Commission Fees
- ATM Commission Fees
- Air & Water Commission Fees from customer use of outside equipment.
(Gasoline stores only)
- Lotto/Lottery Commission Fees generated from the sale and cashing of winning tickets
- Stored Value Card Commission Sales

F Total Sales - The total of all merchandise and commission sales generated during each month. It is calculated by adding the Sales line items.

G Mdse Cost of Sales Section- This section lists the cost of sales line items by account number and name. Merchandise Cost of Sales accounts include entries such as:

- Merchandise Purchases at cost, plus or minus the difference between beginning and ending inventory at cost.
- Merchandise Discounts received from Off-Invoice Discounts during the month. This amount is stated on the last Merchandise Report of the month.
- Merchandise Write-Offs at cost.
- Inventory Variation at cost.

H Net Mdse Cost of Sales - The calculation of the store's total cost of sales. It is calculated as follows:

Merchandise Cost of Sales

- Merchandise Discounts



M-48A Franchise Financial Summary

+ Merchandise Write-Offs

+/- Inventory Variation (plus for overage, minus for shortage)

= Net Merchandise Cost of Sales

I Gross Profit Section - This section lists Gross Profit information for all merchandise sales and commissions. Entries include:

- Merchandise Gross Profit dollars generated from the sale of merchandise in the store.
- Merchandise Gross Profit percent generated from the sale of merchandise in the store.
- Commission Gross Profit generated from commission sales of items such as lotto/lottery, ATM fees etc.

J Total Gross Profit - The total gross profit dollars generated for the month in the store.

- Total Gross Profit as percent to sales generated for the month in the store.

K 7-Eleven Charge - The amount paid to 7-Eleven per the Franchise agreement for store and equipment rent, insurance, taxes on building and equipment, utilities, bookkeeping, business counsel and advice.

L Gas Commission Income - The Franchisee commission income generated from the sale of gasoline. See the Gasoline Commission Report for a detailed breakdown of how the commission is calculated.

M Vendor Cost Recovery - Vendor costs recovered from allowance audits. For example, if a Franchisee purchases a non-recommended item from a "family" of products that do have an allowance, the Franchisee may not get the allowance through the bill back system. When the allowances and bills are reviewed by the auditor, any available credit due the Franchisee is process to this account.

N Gross Income - Franchisee's share of the total Gross Profit per the Franchise Agreement. Calculated as follows:

Total Gross Profit

- 7-Eleven Charge

+ Gasoline Commission

+/- Vendor Cost Recovery

= Total Gross Income

O Selling Expenses - These are the Franchisee operating expenses. Expense detail displays all accounts by name and account number. All entries are stated in dollars for each month shown. Line items are grouped as:

- Compensation and Benefits
- Maintenance
- Cash and Inventory Variation



M-48A Franchise Financial Summary

- Advertising
- All Other

P Total Selling Expenses - The total sum of all the Selling Expenses incurred during the month.

Q Percent to Total Sales - The Percent of Total Sales that represents the Selling Expenses for each month.

R Income/Expense Before G&A - Franchisee income stated before subtracting General & Administrative Expenses. It is calculated as follows:

Total gross Income

- Selling Expenses

= Income/Expense Before G&A

S General & Administrative Expenses - Other expenses incurred by a Franchisee for the purpose of operating the business. G&A Expenses include:

- Interest Expense paid on the unpaid balance of the Open Account.
- Equipment Rental/Depreciation for Franchisee approved and supplied equipment.
- Travel & Entertainment expenses for business related travel.
- Professional Services for accountant, attorney and other professional services.
- Membership Dues and Donations to approved professional business related organizations.

T Total General & Administrative Expenses - Total of all G&A Expenses incurred during the month.

U Total Income/Expense - Franchisee's Net Income from the operation of the store. Figures are stated in dollars for each month. It is calculated as follows:

Total Gross Income

- Total Selling Expenses

- Total G&A Expenses

= Total Income

V Percent to Total Sales - The Percent of Total Sales that represents the Total Income/ (Expense) for each month.



M-48A Franchise Financial Summary

Detailed Balance Sheet Example

RODID: 48A 12345A 1 DEC-06JAN-07
 RUN DATE: 10-JAN-07: 2:23 AM **A**
 REPORTID: CFO48A

7-ELEVEN FRANCHISE SYSTEM
 (CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY)

Page: 1
 SLC CONSOLIDATED REPORTS

12345A MIKE MONEYMAKER **B**

DETAILED BALANCE SHEET

		AS OF DEC-06 C			CHANGE TO: E	
		BALANCE AS OF DEC-05	BALANCE AS OF NOV-06 D	BALANCE AS OF DEC-06	PRIOR YEAR-END	PRIOR MONTH-END
ASSETS:						
F	Acct 00100 CASH REGISTER FUND	2,500.00	3,000.00	3,000.00	500.00	-
	Acct 00120 MERCHANDISE INVENTORY	46,583.05	43,565.53	48,260.59	1,677.54	4,695.06
	Acct 00130 SUPPLIES	500.00	500.00	500.00	-	-
	Acct 00150 PREPAID TAXES & LICENSE	492.00	563.33	507.00	15.00	(56.33)
	Acct 00160 PREPAID MAINTENANCE	-	40.60	32.48	32.48	(8.12)
G	TOTAL ASSETS	50,075.05	47,669.46	52,300.07	2,225.02	4,630.61
LIABILITIES:						
H	Acct 00220 ACCRUED PAYROLL	884.60	-	1,147.50	262.90	1,147.50
	Acct 00230 PAYROLL TAXES PAYABLE	25.98	-	123.34	97.36	123.34
	Acct 00231 P/R TAXES - FEDERAL W/H	873.59	261.42	250.35	(623.24)	(11.07)
	Acct 00232 P/R TAXES - FICA	2,620.50	904.80	847.08	(1,773.42)	(57.72)
	Acct 00233 P/R TAXES - STATE W/H	103.69	28.34	30.42	(73.27)	2.08
	Acct 00235 P/R TAXES - FUTA	205.66	81.37	131.47	(74.19)	50.10
	Acct 00236 P/R TAXES - SUI	687.50	256.23	407.39	(280.11)	151.16
	Acct 00238 P/R TAXES - STATE DISABILI	175.46	47.32	38.92	(136.54)	(8.40)
	Acct 00250 SALES TAX PAYABLE	6,142.97	6,639.76	6,560.30	417.33	(79.46)
	Acct 00290 LOAN PAYABLE - TSC	(1,856.78)	(20,620.98)	(14,598.86)	(12,742.08)	6,022.12
	Acct 00280 LOAN PAYABLE - 7-ELEVEN	4,677.85	(8,977.88)	2,611.25	(2,066.60)	11,589.13
I	TOTAL LIABILITIES	14,541.02	(21,379.62)	(2,450.84)	(16,991.86)	18,928.78
J	TOTAL NET WORTH	35,534.03	69,049.08	54,750.91	19,216.88	(14,298.17)
K	TOTAL LIABILITIES & NET WORTH	50,075.05	47,669.46	52,300.07	2,225.02	4,630.61
RECONCILIATION OF NET WORTH:						
L	TOTAL INCOME / (EXPENSE)	54,160.05	166,615.05	177,316.88	123,156.83	10,701.83
M	Acct 00310 BEGINNING NET WORTH	-	35,534.03	35,534.03	35,534.03	-
N	Acct 00320 PAID-IN CAPITAL	22,000.00	-	-	(22,000.00)	-
O	Acct 00350 DRAW - ADDITIONAL	(40,000.00)	(131,000.00)	(156,000.00)	(116,000.00)	(25,000.00)
	Acct 00370 DRAW - UNAUTHORIZED	(626.02)	(2,100.00)	(2,100.00)	(1,473.98)	-
P	TOTAL ENDING NET WORTH	35,534.03	69,049.08	54,750.91	19,216.88	(14,298.17)
Q	MINIMUM NET WORTH	15,000.00	15,000.00	15,000.00	-	-
R	RETAIL TO COST VIP	62.4	62.2	62.2	-0.2	0



M-48A Franchise Financial Summary

Detailed Balance Sheet

Letter Codes and Headings Explanation

Report Headings

A Run Date: Date report was generated.

B Store Number and Franchisee Name: Store number and the name of individual(s) listed on the Agreement.

C Date: The time period from which this report information was generated.

Column Headings

D Previous Balance information for the last month of last year, previous month this year and current month this year. These figures are cumulative amounts.

E The change to the balances from prior year end totals and prior month end totals.

Detail Data

F Store Assets - Detail listing of all assets. For information on the individual accounts listed as store assets, see Chart of Accounts.

G Total Assets - The total of all Store Asset accounts.

H Liabilities - Detail listing of all liabilities. For information on the individual accounts listed as liabilities, see Chart of Accounts.

I Total Liabilities - The total of all liability accounts. The liability amount indicates the amount needed for full vestment. A credit in Liabilities indicates over vestment.

J Total Net Worth - As stated on the Financial Summary Report. It is the sum of Assets minus Liabilities.

K Total Liabilities & Net Worth - The total of Total Liabilities and Total Net Worth.

Reconciliation of Net Worth

L Total Income/Expense - The total amount of Income/(Expense) for each month from the Financial Summary. The amount of profit or loss for the Franchisee for the month shown.

M Beginning Net Worth - The Franchisee's equity at the beginning of the year.

N Paid In Capital - Initial equity and additional funds paid into Net Worth.

O Draws - For information on the individual accounts listed as Draws, see Chart of Accounts.

P Total Ending Net Worth - The sum of Assets minus Liabilities.

Q Minimum Net Worth - Minimum Net Worth requirement as established by the Franchise Agreement.

R Retail to Cost VIP - The Franchisee's VIP (Variable Inventory Percent) for the accounting period. VIP calculation is a rolling twelve month average of the store gross profit performance based on purchase value GP.



M-48A Franchise Financial Summary

Monthly Draw Available Calculation Example

ROD 12345A 333459 DEC-06JAN-07 7-ELEVEN FRANCHISE SYSTEM PAGE: 1
 RUN DATE: 10-JAN-07 2:23:43 (CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY) SLC CONSOLIDATED REPORT
 REPORTID: CFO48A

12345A MIKE MONEymAKER
 MONTHLY DRAW AVAILABLE CALCULATION
 AS OF DEC-06

M DRAW CODE	TOTALS	DEC-06	NOV-06	OCT-06
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AVERAGE INCOME CALCULATION COMPONENTS:

H	TOTAL INCOME / (EXPENSE)	40,526.34	10,701.83	12,652.22	17,172.29
I	NET WORTH INC/(DEC) BASIS	40,526.34	10,701.83	12,652.22	17,172.29
J	AVG NET WORTH MONTHLY INC/(DEC) BASIS	13,508.78			
K	70% OF ABOVE MONTHLY AVERAGE LESS UNAUTHORIZED DRAW ADJUSTMENT	9,456.15			
L	CALCULATED MTHLY DRAW BASED ON AVERAGES	9,456.15	LINE A		

OVER/(UNDER)MINIMUM CALCULATION:

M	TOTAL NET WORTH	54,750.91			
N	LESS MINIMUM NET WORTH REQUIRED	(15,000.00)			
O	AMOUNT OVER/(UNDER)MINIMUM NET WORTH	39,750.91	LINE B		
P		9,456.15	LINE C ... DEFINED AS THE LESSER OF LINES A AND B		

EXCESS DRAW CALCULATION COMPONENTS:

Q	LOAN PAYABLE 7-ELEVEN	(2,611.25)			
R	LOAN PAYABLE TSC LENDING	14,598.86			
S	OTHER LIABILITIES	(9,536.77)			
T	TOTAL LIABILITIES ((CREDITS) / DEBITS)	2,450.84	LINE D ... ONLY A POSITIVE RESULT REFLECTS AN EXCESS		
U	*** DRAW AVAILABLE ***	9,456.15	GREATER OF LINES C OR D, BUT NOT BELOW -0- OR GREATER THAN LINE B IN ORDER TO NOT GO BELOW MINIMUM NET WORTH		
V	TOTAL NET WORTH AFTER DRAW	45,294.76			



M-48A Franchise Financial Summary

Monthly Draw Available Calculation

Letter Codes and Headings Explanation

Report Headings

A Run Date: Date report was generated.

B Store Number and Franchisee Name: Store number and the name of individual(s) listed on the Agreement.

C Date: The time period from which this report information was generated.

Column Headings

D Totals column

E Third month of the quarter information

F Second month of the quarter information.

G First month of the quarter information.

Average Income Calculation Components Section

H Total Income/Expense - Total amount of Income/Expense for each month from the I&E Detail.

I Net Worth Increase/Decrease Basis - Total Income/Expense (**H**) minus weekly draw amounts. Any unauthorized draw is also deducted (not shown on your report).

J Average Net Worth Monthly Increase/Decrease Basis - This amount represents the average monthly Net Worth increase or decrease over the last three months. This figure is calculated as follows:

Net Worth Inc/Dec Basis

3

K 70% of Above Monthly Average - Calculation to determine available draw amount. This figure is calculated as follows:

Avg Net Worth Monthly Inc/Dec Basis X .70

L Calculated Monthly Draw Based on Averages - Same as line **K**

Over/Under Minimum Calculation Section - This section compares the Total Net Worth to the minimum Net Worth required (per Agreement) to determine if the monthly draw is available.

M Total Net Worth - As stated on the Financial Summary Report and Detailed Balance Sheet

N Less Minimum Net Worth Required - Minimum Net Worth as stated per the Franchise Agreement.

O Amount Over/Under Minimum Net Worth - Calculation of Total Net Worth minus Minimum Net Worth Required.

P The amount defined as the lesser of lines **L** and **O**

Excess Draw Calculation Components Section - This section verifies the Total liabilities for the store to determine if an Excess Investment Draw is available to the Franchisee.

Q Loan Payable 7-Eleven - Same as Loan Payable 7-Eleven from the Financial Summary Report.

R Loan Payable TSC - California Only, same as Loan Payable TSC from the Financial Summary Report.

S Other Liabilities - The sum of all Liabilities as shown on the Balance Sheet Detail Report, section **H**.

T Total Liabilities Credits/Debits - The total of Loan Payable 7-Eleven plus Other Liabilities.

U Draw Available - Same as Lines **L** and **P**.

V Total Net Worth After Draw - the sum of Total Net Worth after subtracting the available monthly draw.



M-48A Franchise Financial Summary

Formulas:

Inventory
Variation

Inventory Variation @ Cost is the **MTD Retail Audit** figure from the last Merchandise Report of the month, and multiply by V.I.P. The following is the formula:

$$\begin{aligned} \text{MTD Retail Audit} \times \text{V.I.P.} &= \text{Inventory Variation @ Cost} \\ \$1954.99 \times 69.70\% &= \$1362.63 \end{aligned}$$

Merchandise Cost
of Sales

Merchandise Cost of Sales is calculated by using the following formula

$$\begin{aligned} & \$44,135.03 \text{ Beginning Merchandise Inventory at Cost for the accounting period (prior} \\ & \text{month's E.I.)} \\ & (-) \underline{38,755.32} \text{ Ending Merchandise Inventory at Cost for the current accounting period} \\ & (=) 5,379.71 \text{ Change in inventory level for the month (in this month the inventory level} \\ & \text{went down meaning that the store operator sold more than what was} \\ & \text{purchased)} \\ & \$50,157.80 \text{ MTD cost of purchases from the Merchandise Report (there may be some} \\ & \text{minor month end accounting adjustments)} \\ & (+) 5,379.71 \text{ Change in inventory (add decreases; subtract increases)} \\ & (=) \$55,537.51 \text{ Acct. 00530 Merchandise Purchases} \end{aligned}$$

Q&P:

Gross Profit

Gross Profit is calculated by using the following formula:

$$\begin{aligned} & \$83,484.34 \text{ Total Sales, Current Month} \\ & \underline{-54,005.17} (-) \text{ Mdse. Cost of Sales, Current Month} \\ & \$29,479.17 (=) \text{ Total Gross Profit, Current Month} \end{aligned}$$

To arrive at the 7-Eleven Charge and Gross Income (Franchisee's share of the gross profit), the following calculation is used:

\$29,479.17	\$29,479.17 Ttl GP
<u>(x) 50.00%*</u>	<u>(x) 50.00%*</u>
\$14,739.58 = 7-Eleven Charge	\$14,739.59
	+2,381.30 Other Income
	\$17,120.89 Gross Income

* Use the percent stated in your Franchise Agreement.

Temporary Labor

Franchisees are required to get a signed receipt with the person's Federal Tax I.D. or Social Security number written on the receipt.

If there is no Federal Tax I.D. or Social Security Number, 31% must be withheld for taxes and is to be reported on the Cash Report.



M-48A Franchise Financial Summary

Interest Charge / Credit Interest charge/credit will appear in the Interest Expense line. See TSC Group Loan Payable Report F18 Statement (CA stores only) or Report F28 Loan Payable Statement (see section on interest for sample copies) for calculation formula.

48A: (Prepaid Card Sales) SALES TAX FILING INFORMATION

Beginning Q4 2008, with new 'Card Services' process, this Sales Tax Filing Report has been added to the 48A for Franchisee Tax Support. There are 2 versions of the report: one is for traditional Franchisees; one is for BCP Franchisees, for whom 7-Eleven does not file taxes.

Examples:

1. Traditional Franchise Store Version

*Traditional Franchise Store Version

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7-ELEVEN FRANCHISE SYSTEM                               Page:    1
RUN DATE: 07-OCT-08  7:10 AM  (CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY)
REPORTID: CF048S      SLC CONSOLIDATED REPORTS

StoreH  INC 7-ELEVEN

SALES TAX FILING INFORMATION
FOR MONTH ENDING AUG-08

TOTAL SALES          TOTAL SALES
FOR SALES TAX        IN FINANCIAL
-----
A  PRODUCT SALES          64,381.17          64,381.17
B  SEI PHONE PRODUCT FEES    45.64          45.64
C  VENDOR PHONE PRODUCT FEES  00.00          00.00
D  PHONE PRODUCT LOADS      205.35
E  TAXABLE SALES          64,632.16          64,426.81
-----

NONTAXABLE SALES:
F  PRODUCT SALES          26,089.90          26,089.90
G  SEI OTHER CARD PRODUCT FEES  83.23          83.23
H  OTHER COMMISSIONS        461.84          461.84
I  VENDOR OTHER CARD PRODUCT FEES  4.88
J  NONTAXABLE SALES          26,639.85          26,634.97
-----

K  GRAND TOTAL          91,272.01          91,061.78
-----

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M-48A Franchise Financial Summary

Report Explanation:

- A Product Sales** - Total taxable product sales for month
- B SEI Phone Product Fees** - SEI Phone product fees. Depending on taxing regulations for your location, this may appear in the taxable section or nontaxable section of the report.
- C Vendor Phone Product Fees** - Phone Product Fees. Depending on taxing regulations for your location, this may appear in the taxable section or non-taxable section of the report.
- D Phone Product Loads** - Phone Product Loads. Depending on taxing regulations for your location, this may appear in the taxable section or non-taxable section of the report.
- E Total Taxable Sales** - Total of taxable sales.
- F Product Sales** - Total nontaxable product sales for month
- G SEI Other Card Product Fees**- SEI other card product fees for month. Depending on taxing regulations for your location, this may appear in the taxable section or non-taxable section of the report.
- H Other commissions**- Other commissions for month.
- I Vendor Other Card Product Fees** -Other card product fees for month. Depending on taxing regulations for your location, this may appear in the taxable section or non-taxable section of the report.
- J Nontaxable Sales** - Total of nontaxable product sales, SEI other card product fees, other commissions & Vendor other card product fees for month
- K Grand Total** - The combined total of the nontaxable and taxable sales in the "Total Sales for Sales Tax Filing" column represents the total "Gross Receipts/Sales" figure that will be reported to your taxing jurisdiction for sales tax returns filed by the Corporate Tax Department. BCP locations file their own returns.

Note extra line for BCP Franchise Stores. **See BCP report example below.**

L BCP Report includes tax tier information needed for stores to properly file their returns.

2. BCP Franchise Store Version of Report



M-48A Franchise Financial Summary

7-ELEVEN FRANCHISE SYSTEM Page: 1
RUN DATE: 07-OCT-08 7:10 AM (CONTAINS ONLY 7-ELEVEN SYSTEM ACTIVITY)
SLC CONSOLIDATED REPORTS
REPORTID: CFO48S

StoreH INC 7-ELEVEN SALES TAX FILING INFORMATION
FOR MONTH ENDING AUG-08

	TOTAL SALES FOR SALES TAX FILING	TOTAL SALES IN FINANCIAL SUMMARY
A PRODUCT SALES	64,381.17	64,381.17
B SEI PHONE PRODUCT FEES	45.64	45.64
C VENDOR PHONE PRODUCT FEES	00.00	00.00
D PHONE PRODUCT LOADS	205.35	
E TAXABLE SALES	64,632.16	64,426.81
NONTAXABLE SALES:		
F PRODUCT SALES	26,089.90	26,089.90
G SEI OTHER CARD PRODUCT FEES	83.23	83.23
H OTHER COMMISSIONS	461.84	461.84
I VENDOR OTHER CARD PRODUCT FEES	4.88	
J NONTAXABLE SALES	26,639.85	26,634.97
K GRAND TOTAL	91,272.01	91,061.78
SALES TAX COLLECTED		
L 00270.6501 SALES TAX TIER 1	2,448.00	
SALES TAX COLLECTED TOTAL	2,448.00	